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8
9 [Proposed] Special Conflicts Counsel for Debtor
and Debtor-In-Possession

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11 **UNITED STATES BANKRUPTCY COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**
13 **SANTA ANA DIVISION**
14

15 In re:

16 MARC JOSEPH SPIZZIRRI,

17 Debtor and
18 Debtor-in-Possession.
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Case No. 8:13-bk-14702-MW

Chapter 11 Proceeding

**DECLARATION OF J. MICHAEL ISSA IN
SUPPORT OF DEBTOR'S OPPOSITION TO
MOTION FOR ORDER TO CONVERT
DEBTOR'S CASE TO CHAPTER 7
PURSUANT TO BANKRUPTCY CODE
SECTION 1112(b)**

DATE: October 21, 2013

TIME: 2:00 p.m.

PLACE: Courtroom 6C

United States Bankruptcy Court
Ronald Reagan Federal Building and
United States Courthouse
411 West Fourth Street
Santa Ana, CA 92701

1 I, J. Michael Issa, hereby declare and state as follows:

2 1. The matters set forth herein are within my own personal knowledge, and, if called
3 upon as a witness, I could and would competently testify thereto.

4 2. This declaration is submitted in support of the Debtor's Opposition to the Motion
5 for Order to Convert Debtor's Case to Chapter 7 Pursuant to Bankruptcy Code Section 1112(b)
6 ("Motion") filed by the Bank.¹

7 3. I am a principal of GlassRatner Advisory and Capital Group, LLC ("GlassRatner"),
8 a national advisory firm with approximately 100 professionals and offices in six major cities. I am
9 the Managing Principal of GlassRatner's California practice. GlassRatner is the proposed
10 financial consultant for the Debtor in his Chapter 11 case.

11 4. I am an automotive expert having worked on dozens of franchised dealership
12 transactions in my career, including seven dealerships in the past two years. I also am a certified
13 public accountant, a former commercial banker and I am licensed by the California DRE and
14 FINRA. A true and correct copy of my résumé is attached hereto as Exhibit "1" and is
15 incorporated herein by this reference.

16 5. I reviewed the lease for that real property commonly known as 32881 Camino
17 Capistrano, San Juan Capistrano, California, owned by Auto Orange II, LLC ("Auto Orange") and
18 leased to Chrysler Group Realty Corp ("Chrysler Property"). The lease for the Chrysler Property
19 currently provides for a rent of \$36,000 per month NNN. On June 30, 2015, the rent under this
20 lease increases to \$38,500 per month NNN.

21 6. I am familiar with the value of commercial real properties in Orange County and,
22 specifically, valuations of real property associated with the automotive industry. Moreover, I have
23 spoken with a local real estate broker who is familiar with the Chrysler Property and with the local
24 commercial real estate market. Based upon the location of the Chrysler Property and the quality
25 of the tenant of the Chrysler Property, the local broker advised me that the cap rates for the
26 Chrysler Property are in the range of approximately 5.75% to 6.5%. Applying this range of cap
27

28 ¹ Unless otherwise defined herein, the definitions of the capitalized terms contained herein are as set forth in the
Opposition.

1 rates to the income based on current rents generated by the Chrysler Property yields a value of the
2 Chrysler Property ranging from approximately \$6.6 million at a 6.5% cap rate to \$7.5 million at a
3 5.75% cap rate.

4 7. Applying this range of cap rates to the income based upon the rent escalation which
5 is scheduled to occur at June 20, 2015 yields value estimates of the Chrysler Property ranging
6 from approximately \$7.1 million at a 6.5% cap rate to approximately \$8.0 million at a 5.75% cap
7 rate.

8 8. I am informed and believe that an offer for the Chrysler Property in the amount of
9 \$6.5 million was received this year by Auto Orange and was declined by Auto Orange.

10 9. I am informed and believe that the outstanding balance owing on the first-priority
11 mortgage encumbering the Chrysler Property approximates \$5.4 million, with an additional
12 amount approximating \$143,000 for default interest and late fees.

13 10. The range of value estimates summarized above suggests clearly that there is
14 significant equity beyond the first-priority mortgage available to 1700 El Camino, the second-
15 priority lienholder, in which the Debtor holds an approximately 29% interest.

16 I declare under penalty of perjury that the foregoing is true and correct.

17 Executed this 7th day of October 2013, at Irvine, California.


18
19 
20 J. Michael Issa

EXHIBIT “1”



J. MICHAEL ISSA

GlassRatner Advisory & Capital Group LLC

19800 MacArthur Suite 820

Irvine, CA 92612

949 862-1595

EXPERIENCE

GlassRatner Advisory & Capital Group LLC

California Managing Principal

GlassRatner is a national advisory firm with offices in six major cities. The firm received an award for Middle Market Turnaround Firm of the Year in 2013. Mr. Issa is the principal in charge of the firm's California practice. The firm and its principals have provided significant benefits to clients in many industries including automotive, manufacturing, distribution, healthcare, retailing, restaurants, professional practices, services, real estate, oil and gas, and construction. GlassRatner has an extensive real estate merchant banking operation as part of its practice. The firm's services to its clients have been diverse, and have included the following:

- Mr. Issa and his team have raised various types of equity financing and joint venture participations on behalf of their clients.
- Mr. Issa has advised a number of investors on acquisitions of assets including portfolios of real property from banks. These have included substantial multi-family projects, single-family, retail (shopping center), hospitality, and health-care related realty.
- Mr. Issa is a well-known authority on automotive matters. He and his team have been involved in a number of sale transactions of franchised automobile dealers both in and out of bankruptcy. He has represented both buyers and sellers. He has operated and sold a dealership as a receiver. One of Mr. Issa's 2012 automotive transactions received a major category award in 2013 at the Atlas Turnaround Event. He has worked on seven franchised dealership matters since 2011. He is often cited, quoted, and published in articles in the automotive press, including Automotive News.
- Mr. Issa has also been a court-appointed liquidating trustee of a portfolio of over 20 projects involving office, mini-warehouse, and light industrial real estate. He has also been involved in several golf course transactions sold out of bankruptcy. He chaired the strategic disposition committee of a public hotel company when the company's assets were sold off in a nine-digit transaction to another public hotel company.
- As a part of crisis management for their clients, the firm frequently engages in debt restructuring. Mr. Issa has personally managed several billion dollars of debt restructuring on behalf of his clients and has been Chief Restructuring Officer for many of California's residential, office and retail developers, including some of the largest restructurings and bankruptcies in the last two real estate cycles. He is presently serving as a Chapter 11 Bankruptcy Trustee in the Central District of California.
- Under Mr. Issa's direction, several billion dollars of different types of financing have been raised on behalf of his corporate and real estate clients.
- Mr. Issa and other GlassRatner professionals frequently appear as expert witnesses in

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litigation matters. These matters frequently involve testimony in the context of corporate, partnership, or individual bankruptcies. Examples of such testimonies include Plan Feasibility at Bankruptcy Confirmation Hearings, testimony in Use of Cash Collateral Hearings, company and asset liquidation analysis, adequacy of New Value, and a variety of financing and recapitalization issues. Mr. Issa appeared a number of times on *Till* interest rate issues in contested Plan hearings in 2010 and 2011. Mr. Issa and the firm also appear as expert witnesses in a variety of other non-bankruptcy litigation matters.

KIBEL GREEN ISSA, Inc. with offices in Santa Monica and Irvine, Ca
Vice Chairman, Managing Director of Orange County Practice

Mr. Issa was the principal in charge of the firm's Orange County practice since the office opened in 1993. In this capacity, he oversaw all consulting activities in Orange County and also oversaw the firm-wide real estate and merchant banking activities. KGI was named one of the "12 Outstanding Turnaround Firms Nationally" by a nationwide industry publication during Mr. Issa's tenure.

PREVIOUS WORK EXPERIENCE

Prior to his employment with KGI, Mr. Issa was the head of a group of companies, which were privately owned by several high net-worth, individual investors whose primary business was to acquire and turnaround problem assets including both operating companies and real property. After completing graduate school, Mr. Issa worked as a commercial banker with a regional bank and a money center bank for a total of five years. Subsequent to his banking career, Mr. Issa was the chief financial officer for a privately-held company with diverse investments in operating companies and in real estate.

OTHER QUALIFICATIONS

Education:

Mr. Issa is a Beta Gamma Sigma Master of Business Administration from the University of Texas at Austin. He also received a Bachelor of Business Administration from the same institution. Mr. Issa has also taught in the business schools at two different four-year universities.

Boards:

Mr. Issa has served on the boards of both public and private companies as well as various non-profit organizations. He has also served on or chaired a number of strategic, financial and operating committees for these companies.

Licenses and Professional Designations:

Mr. Issa is a Certified Public Accountant; a Chapter 11 Bankruptcy Trustee in the Central District of California; is licensed by the California Department of Real Estate; holds a FINRA Series 65 license and is a member of the following professional organizations: Orange County Bankruptcy Forum, Turnaround Management Association, and Urban Land Institute. He has also been included in the Nationwide Register's Who's Who in Executives and Businesses and speaks frequently at industry conferences on a variety of topics.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 660 Newport Center Drive, 4th Floor, Newport Beach, CA 92660.

A true and correct copy of the foregoing document entitled: **DECLARATION OF J. MICHAEL ISSA IN SUPPORT OF DEBTOR'S OPPOSITION TO MOTION FOR ORDER TO CONVERT DEBTOR'S CASE TO CHAPTER 7 PURSUANT TO BANKRUPTCY CODE SECTION 1112(b)** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On October 7, 2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL: On _____, 2013, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on October 7, 2013, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Via Attorney Service – Bin beside 6th Floor Elevators

Honorable Mark S. Wallace
Ronald Reagan Federal Bldg.
411 W. Fourth St., Suite 6135
Santa Ana, CA 92701

Marc Joseph Spizzirri – mspizzirri@gmail.com

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

October 7, 2013

Viann Corbin

/s/ Viann Corbin

Date

Printed Name

Signature

NEF SERVICE LIST

- Dan E Chambers dchambers@clfca.com
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